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-THE WAITING POOR-

AN ARGUMENT FOR ABOLITION OF THE WAITING PERIOD  
ON UNEMPLOYMENT AND SICKNESS BENEFITS:

November, 12 1974.

Brotherhood of St Laurence,  
67 Brunswick Street,  
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-INTRODUCTION-

THE WAITING POOR -

As the unemployment situation in Australia worsens, public attention naturally focusses upon the rising numbers of people registering as unemployed. The latest seasonally adjusted figure has now reached 169,542.

Unfortunately, public attention has not been drawn to those people who are awaiting unemployment and sickness benefits and those who will now have to survive on those benefits for much longer periods of time.

The Australian Government is alert to some aspects of the situation. It has generally improved pension and benefit levels, introduced new benefits and established the National Employment and Training (N.E.A.T.) and the Regional Employment Development (R.E.D.) schemes.

There remain, however, some glaring gaps in Australia's income security system directly related to the delay in the payment of unemployment and sickness benefits.

Official figures show that the numbers of people on benefits is rising rapidly. At the end of September, 1974, there were 54,945 people on benefits. On October, 19, the number rose to 63,669 while on October, 25 the unofficial figure was 66,189. The recent and alarming rises in these figures indicate clearly that many more people will have to rely on unemployment benefits in the near future and are likely to experience real hardship as a result of the waiting period.

This paper which argues for its abolition has been prepared for the Brotherhood's Social Issues Department by David Griffiths, its Social Policy Officer.

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-THE WAITING POOR-

AN ARGUMENT FOR ABOLITION OF THE WAITING PERIOD -

The waiting period for unemployment and sickness benefits should be abolished immediately. In a country in which 97.5% of wage and salary earners are still employed, it is an appalling double standard to make a trivial saving in costs of unemployment and sickness benefits by imposing the added penalty of a waiting period on low-income earners.

At the end of October, 1974, the number of unemployed registered with the Department of Labor was 149,701 - at least 63,669 people were receiving unemployment benefits.<sup>1</sup> In a period of growing unemployment, the need to abolish the waiting period is even more urgent.

Over the last two years, there has been increasing support for abolition of the waiting period. The abolitionists include the Australian Council of Social Service, the Poverty Inquiry, the Social Welfare Commission and, significantly, the Liberal Party and the A.L.P.

In May, 1972, the Australian Council of Social Service urged:<sup>2</sup>

'That there be no waiting period for either unemployment or sickness benefit and that the payment of benefit be for the whole period of disability.'

In 1973, the Minister for Social Security, Bill Hayden, promised:<sup>3</sup>

'The Federal Cabinet will be asked to approve the payment of unemployment benefits in the first week of unemployment, thus removing the one week's waiting period for benefits.'

In March, 1974, the Poverty Inquiry advocated:<sup>4</sup>

'The seven-day waiting period for unemployment and sickness benefits be abolished.'

In April, 1974, the Liberal Party said it would:<sup>5</sup>

'Abolish the seven-day waiting period for unemployment and sickness benefits in accordance with recommendations in the Henderson report. This will remove an area of serious hardship in the community, but will still be subject to the control of a statutory declaration to be taken by the applicant and their appropriate safeguards.'

In July, 1974, the Social Welfare Commission recommended that:<sup>6</sup>

'The waiting period for unemployment and sickness benefits should be abolished.'

Yet the waiting period remains to stigmatise and impoverish the unemployed poor. At the critical onset of unemployment or sickness when intervention would be most helpful, the poor have to wait before assistance is available. The Minister for Social Security, Bill Hayden, has said:

'This waiting period is often the make-or-break period for people out of a job. They are without any money coming in, with housing and other financial commitments to meet, plus the overwhelming need to find money for food and other basic necessities.'

The case for abolition has been well argued in welfare circles for the past 2½ years. The Minister himself clearly understands the nature of the problem and is committed to abolition. Why has the Government failed to act?

MYTHICAL SEVEN DAYS -

In introducing the Social Services Act in 1944,<sup>8</sup> the Government considered that it was reasonable to expect an unemployed or sick person to survive a waiting period.

But, in fact, the seven day waiting period is a myth. In practice, 17 days usually elapse after the claim is lodged.

This is, because firstly, upon registering the claimant has to wait an initial seven days before becoming eligible for benefit and secondly, because payments are retrospective, the claimant has to wait an additional seven days. This makes a total of 14 waiting days. To this we add three days to cover processing requirements and the fact that benefits are payable by cheque posted to the beneficiary's address.

WHY DO THEY NEED ASSISTANCE?

The emotional and financial pressures on men, women and children is a crippling burden irrespective of the length of the waiting period.

Families are supposed to draw on their savings, perhaps holiday pay and their last pay received at work. Such assumptions are correct for some but, as so often happens, these assumptions do not apply to low-income families - the unskilled and semi-skilled unemployed and sick.

Firstly, there are no or little savings because money earned is quickly spent on necessities or on hire purchase which is the prevalent Australian method of acquiring household goods in Australia. The little money that might be saved is for rent and rates. Spending this money on food will leave the family with nothing when rent or rates are due. As one woman said:

'Rent's got to come before food, otherwise you're out.'

Secondly, there is often no holiday pay. Low-income people are in and out of jobs and are not always at a place long enough to be entitled to holiday pay. Quite often, employers avoid paying holiday pay by putting off unskilled and semi-skilled workers before Christmas. Even if there is holiday pay, this is used to meet living expenses and debts.

Thirdly, it is true that an unemployed person does have his last pay. But, this is used to pay the previous week's rent and retrospective commitments. There is an additional hardship when employed again for they don't get paid in advance and have to wait a week before receiving their first pay.

Finally, it is not uncommon for some men to delay registering as unemployed. This is partly because they expect to find work very soon. Sometimes they hesitate to approach the Department of Labor for assistance due to previous negative experiences.

Sporadic, low-income makes it quite impossible for people to plan ahead and this is likely to reinforce a hand to mouth pattern of living. This insecurity has, in turn, a detrimental effect on the children who are only too well aware of the family's plight even if they do not understand the reason for it. This was the first discovery made by the B.S.L. Family Centre in assessing the primary needs of the families involved.

Too many everyday things become emergencies - food, rent, hire purchase, mortgages, rates, electric light and gas bills. Everyday things become emergencies to low-income families because they are already vulnerable and already have more financial pressures and insecurity than most Australians ever experience in a lifetime.

Their normal incomes keep low-income people poor. They have no savings to fall back on, no relatives to borrow from, no banks or tradesmen to give them credit. They pay a high proportion of income in rent for sub-standard accommodation.

Everyday things which most of us take for granted are everyday crises for low-income earners.

Many men, women and children suffer hardship and humiliation because of the waiting period.

Unemployment and sickness benefits are available as of right. The community decided long ago that the unemployed and the sick should not have to beg or borrow. Yet, this is what many men, women and children have to do during the waiting period. They have to beg and borrow from state social welfare agencies and from voluntary agencies.



HOW MANY LIVING ON UNEMPLOYMENT BENEFITS?

The only information that is made publicly available is the overall figure of people receiving unemployment benefit. The figures released do not even give such basic information as -<sup>10</sup>

- \* the length of time people have been receiving benefits.
- \* the number of dependents of unemployment beneficiaries.
- \* the marital status of people receiving unemployment benefits.

Because of this, it is only possible to guess at the total number of men, women and children living on unemployment benefits.

There were 63,669 people receiving unemployment benefits on October, 19 1974.<sup>11</sup>

Of the 44,070 males receiving benefits probably two-thirds were married (29,380) and would have an average of 2.40 children.<sup>12</sup> This means that some 129,272 men, women and children in families were dependent on benefits.

To this can be added 19,599 women, some of whom would have dependent children, and 14,690 single adult men, making a conservative total of 163,561 people living on unemployment benefits.

LIVING ON UNEMPLOYMENT BENEFITS AND THE POVERTY LINE -

Two significant steps that the present Government has taken to relieve poverty have been to fix the base rate of pensions to 25% of average weekly earnings and to lift unemployment and sickness benefits from the abysmally low levels of the previous 23 years to the same rate as pensions.

The current rates of benefit are -

Single: \$31.00

Married: \$51.50

Children: \$5.50

A couple with two children on unemployment benefit receive \$62.50 a week.

The poverty line for a couple with two children, however, is \$71.35.

Thus a couple with two children dependent on unemployment benefits is living below the poverty line.

POVERTY LINES AS AT JULY, 1974

Head Works <sup>13</sup>

	<u>Poverty line</u> ( <u>\$</u> )	<u>Unemployment Benefit</u> ( <u>\$</u> )	<u>Unemployment Bene- fit above or be- low poverty line</u>
Single Person	38.00	31.00	- \$7.00
Married Couple	50.86	51.00	+ 00.14
Couple + 1 child	61.10	57.00	- 4.10
" + 2 "	71.35	62.50	- 8.85
" + 3 "	81.58	68.00	- 13.58
" + 4 "	91.82	73.50	- 18.32
" + 5 "	101.61	79.00	- 22.61
" + 6 "	111.40	84.50	- 26.90
" + 7 "	121.18	90.00	- 31.18

Only the married couple live above the poverty line, but by a miserly 14 cents.

The level below the poverty line increases with the number of children. For a couple with seven children, the gap between the poverty line and unemployment benefits widens to \$31.18. Thus there is also a strong argument for a substantial increase in dependent children's allowances.

THE WORSENING SITUATION -

On October, 19 1974, there were 63,669 persons in receipt of unemployment benefits.<sup>14</sup>

This compares with -

at the end of October, 1973	25,944
" " " " " 1972	32,454
" " " " " 1971	18,171
" " " " " 1970	10,282

The current number of persons registered as unemployed and the numbers of recipients of unemployment benefits are taxing the resources of the Department of Labor and Immigration in the processing and payment of claimants. On November, 10 1974, it was announced that the Department of Labor would have an extra 500 people to help in the processing of unemployment registrations and retraining scheme enrolments.<sup>15</sup>

### WHY THE WAITING PERIOD?

The explicit and public argument for the waiting period is to avoid large numbers of applications for unemployment and sickness benefits from people who are likely to obtain employment during the waiting period. As an administrative device, this does minimise inconvenience to staff who are involved in processing benefit claims. In addition, there certainly are people who do find work within a week of becoming unemployed. However, the situation, too, will become more uncertain as unemployment levels continue to rise.

But, are there underlying motives for our failure to abolish the waiting period?

Perhaps as Michael Hill has indicated there are implicit attitudes also. Hill has argued that policies towards the unemployed are a mixture of help and coercion:<sup>16</sup>

'The argument of the paper will be that the way the various policies interact tends to maximise the coercion and minimise the aid received by those amongst the unemployed who are least well equipped to compete in the labour market.'

Given this interpretation, the unemployment benefit could be seen as an 'aid' policy whereas the waiting period could be seen as a 'coercion' policy.

Consciously or unconsciously, the waiting period is a device to establish the dependency of the unemployed on the helper. The poor are not helped when they need it, but when the helper is ready to help. The waiting period serves to establish the superiority of the helper and the inferiority of the helped.<sup>17</sup>

Some people are, as a consequence, discouraged from applying for unemployment benefit and avoid the stigmatizing consequences of going on the dole and assume, albeit hopelessly, they will be able to secure employment within the time of the waiting period. They don't always and this is particularly so for the unskilled and semi-skilled and in times when unemployment figures are rising.

The waiting period, then, functions as a disincentive to the poor - the unemployed poor.

The disincentive is remarkably successful to the extent that some of the unemployed will not even register for unemployment benefits.<sup>18</sup>

CONCLUSION -

If there ever was a case for the waiting period, the current decline in the economic climate has removed it. With all the other moves the Government has made with N.E.A.T. and other job retraining programmes, why has it retained the waiting period - the implications are obvious.

- (a) Administrative convenience.
- (b) Unemployed low-income people are still seen as 'undeserving' poor.

If the Government is serious in its commitment to helping low-income groups, the following action needs to be taken:

- (a) Abolish the waiting period on unemployment and sickness benefits.
- (b) Raise benefit levels to above the poverty line.
- (c) Increase the allowances for dependent children.

REFERENCES -

1. For the number of people registered: Cameron, Clyde  
Press release Provisional Commonwealth Employment  
Service Statistics, October 1974 L26/74

For the number of people on benefit: Information provided on November 11, 1974 by the Information and Services Section, Central Office, Department of Social Security, Canberra. The number of persons on unemployment benefits was 66,189 on October, 1974. However, a male/female breakdown is not yet available.

2. Australian Council of Social Service, Aspects of Social Service Benefits which merit attention in the Commonwealth Budget, 1972/73. May, 1972. p.4
3. Progress in Social Security Programs ..., Report by Bill Hayden, M.P., Minister for Social Security, on progress during the first term of the twenty-eighth parliament, Australian Government Publishing Service, Canberra 1973, p.9
4. Poverty in Australia, Interim Report of the Australian Government's Commission of Inquiry into Poverty, March 1974, p.7.
5. Social Security Policy, April, 21 1974. p.9
6. Review of the Interim Report of the Commission of Inquiry into Poverty, Social Welfare Commission Discussion Paper, July, 1974. p.20.



7. Progress in Social Security programs ...., Report by Bill Hayden, M.P., Minister for Social Security, on progress during the first term of the twenty-eighth parliament. Australian Government Publishing Service, Canberra 1973, p.9.
8. The Social Services Act states:  
Division 5 - Payment of Benefits  
119-(1) An unemployment benefit payable to a person is payable -
  - (a) In a case to which the next succeeding paragraph does not apply - from and including the seventh day after the day on which he became unemployed or after the day on which he made a claim for the unemployment benefit, whichever was the later; or
  - (b) In the case where the unemployment benefit became payable to him within the period of twelve weeks after the expiration of a period of unemployment in respect of which, by reason of the operation of the last preceding paragraph, unemployment benefit was not payable - from and including the day on which he became unemployed or the day on which he made a claim for the unemployment benefit, whichever was the later.
- (2) Subject to the next succeeding sub-section, a sickness benefit payable to a person is, if a claim for the benefit is lodged within thirteen weeks after the day on which the person became incapacitated, payable -
  - (a) In a case to which the next succeeding paragraph does not apply - from and including the seventh day after the day on which he became incapacitated; or

- (b) In the case where the sickness benefit became payable to him within the period of twelve weeks after the expiration of a period of incapacity in respect of which, by reason of the operation of the last preceding paragraph, sickness benefit was not payable - from and including the day on which he became incapacitated.

Social Services Act 1947-1970, p.70

9. In 1972, the Brotherhood of St Laurence advocated:

Abolishing the means test applied to the income of spouses of unemployed persons.

Provision should be made for unemployment beneficiaries to apply to the Department of Social Services for the payment of electrical and gas bills and municipal rates if these fall due during the unemployment or within a month of a return to work.

Provision should be made for the suspension of hire purchase commitments of unemployed persons. The moratorium should be extended to a month after a return to work.

David Griffiths, Unemployment: The Facts and Effects, Brotherhood of St Laurence, 1972, p.72.

This is to say nothing about the duration of unemployment benefit payment commences and the length of time people have to wait before they are re-employed.

In July, 1974, the Department of Labor and Immigration conducted a detailed analysis of the characteristics of persons registered with the Commonwealth Employment Service.

Duration of Unemployment -

Under 2 weeks	26,244						
2-4	"	16,222					
4-8	"	15,954	48%	unemployed for 4 weeks or more			
8-13	"	7,400	28%	"	"	8	" " "
13 weeks & over		<u>15,531</u>	19%	"	"	13	" and over
		<u>81,351</u>					

A survey of all unemployed applicants registered for full-time employment at Friday, July 12, 1974. Department of Labor.

10. In 1972, the Brotherhood of St Laurence argued that:

'The statistics and statistical methods used by the Commonwealth Employment Service, the Department of Social Service and the Commonwealth Bureau of Census and Statistics should be integrated so that meaningful evaluations are possible.

The C.E.S. monthly unemployment figures should include information on the marital status of people receiving unemployment benefits, the number of dependents and the length of time people have been receiving benefits. Spot surveys to find out income prior to unemployment and job and industry classification would also provide useful information for improving social policy.

The internal manual of the Department of Social Service should be made public.

10. (cont'd).

The District Office Manual of the C.E.S. should be made public.

New categories for description of the work-force should be established to give a clearer picture of percentages of unemployed in sections of the work-force most vulnerable to unemployment.'

David Griffiths, Ibid.

11. See notes for Reference 1.

12. The 1966 Census revealed that for all wives in Australia, the average number of children was 2.40; for wives with issue in Australia the average number of children was 2.83. The 1971 Census results are not available. It is doubtful that the 1971 Census will show that the situation has changed all that much. Information provided by the Demography Section of the Australian Bureau of Census, Melbourne.

13. 'Head Works' - a term used by the Poverty Inquiry. Covers people in the work-force. Unemployment beneficiaries are regarded as in the work-force.

The poverty line for a couple with two children is calculated on the basis of 56.5% of Australian average weekly earnings seasonally adjusted. The Australian average weekly earnings seasonally adjusted for the June quarter, 1974, was \$126.30. The figure for the September quarter will not be available until end November/early December, 1974.

The % of average weekly earnings used to establish the poverty line varies with the size of the family:

13. (cont'd.)

	<u>% of average weekly earnings</u>
Single person	30.09
Married couple	40.27
Couple + 1 child	48.38
" + 2 children	56.49
" + 3 "	64.59
" + 4 "	72.70
" + 5 "	80.45
" + 6 "	88.20
" + 7 "	95.95

For further information on the calculation of the poverty line: Poverty in Australia: Interim Report of the Australian Government's Commission in Inquiry into Poverty, March, 1974, p.21-24.

14. See notes for Reference 1.

15. 500 to Check Jobs, The Sun, November 11, 1974, p.15

16. Michael Hill, Policies for the Unemployed: Help or Coercion? Child Poverty Action Group, Poverty Pamphlet 15, April, 1974, p.1.

17. For a discussion of how we use distance to assert our 'superiority' over the 'inferiority' of others: Bruno Bettelheim, The Informed Heart: The Human Condition in Mass Society, Paladin, 1970, p.84-85

18. For a discussion of the unemployed poor who will not register for unemployment benefit: Why So Harsh on the Unemployed? A Second Discussion Paper, the Brotherhood of St Laurence, July, 1974, p.2 and p.46-52.

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UNEMPLOYMENT BENEFICIARIES AT BEGINNING OF JUNE BY DURATION OF BENEFIT - AUSTRALIA 1964/1974

DURATION OF BENEFIT AS AT BEGINNING OF JUNE

Year	<u>Less than 1 month</u>		<u>1 month &amp; less than 2 months</u>		<u>2 months &amp; less than 3 months</u>		<u>3 months &amp; less than 6 months</u>		<u>6 months &amp; over</u>		<u>Total</u>
	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number	% of total	Number
1964	5,214	28.54 <sup>(b)</sup>	3,363	18.40	2,179	11.92	3,578	19.58	3,940	21.56	18,274
1965	4,294	34.11	2,662	21.15	1,676	13.31	2,187	17.37	1,770	14.06	12,589
1966	6,417	35.50	3,726	20.62	2,509	13.88	3,730	20.64	1,692	9.36	18,074
1967	7,820	35.52	4,408	20.03	2,623	11.92	4,226	19.20	2,934	13.33	22,011
1968	6,822	31.14	5,268	24.05	2,545	11.62	4,246	19.38	3,024	13.81	21,905
1969	6,282	39.08	3,135	19.50	1,759	10.94	2,903	18.06	1,997	12.42	16,076
1970	5,036	42.19	2,343	19.62	1,362	11.41	1,992	16.68	1,206	10.10	11,939
1971	8,120	41.96	4,345	22.45	2,270	11.73	3,091	15.97	1,527	7.89	19,353
1972	13,649	36.02	8,058	21.27	5,148	13.59	7,334	19.36	3,698	9.76	37,887
1973 <sup>(a)</sup>	10,446	26.94	9,578	24.70	6,415	16.55	6,378	16.45	5,954	15.36	38,771
1974	9,677	30.68	6,014	19.06	3,892	12.34	6,291	19.94	5,671	17.98	31,545

(a) Data for June, 1974 not available. Figures shown as for March, 1973.

(b) Percentages not included in Hansard, but calculated independently.

Parliamentary Debates, House of Representatives, Daily Hansard, October 17, 1974, p.2592.

It is disturbing that the number of long-term unemployed has remained at high levels even during times of 'full employment'. Why?